

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01
 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
 SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00
 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 STR-04
 AGRE-00 /100 W

-----040302Z 055980 /65

R 031400Z JUN 77
FM AMEMBASSY GEORGETOWN
TO AMEMBASSY PORT OF SPAIN
INFO SECSTATE WASHDC 4740
AMEMBASSY BRIDGETOWN
AMEMBASSY CARACAS
AMEMBASSY KINGSTON
AMEMBASSY LONDON
AMEMBASSY MEXICO
AMEMBASSY OTTAWA
AMDMBASSY PARAMARIBO 1267
AMEMBASSY THE HAGUE

C O N F I D E N T I A L GEORGETOWN 1164

E.O. 11652: GDS
TAGS: EAID, EFIN, CARICOM, TD, GY
GOTT FINANCIAL ASSISTANCE FOR GUYANA

REF: PORT OF SPAIN 1407

1. PROVIDED HERewith ARE GENERAL OBSERVATIONS ON THE CURRENT
ECONOMIC SITUATION IN GUYANA AS REQUESTED REFTel. WE ARE,
HOWEVER, SOMEWHAT LEERY OF BECOMING A FACTOR OF INFLUENCE-
NEGATIVE, POSITIVE OR NEUTRAL--IN GOTT/GOG NEGOTIATIONS
FOR SEVERAL REASONS. GIVEN THE GOG'S CONCERNS RE ECONOMIC
DESTABILIZATION, US ANALYSIS PROVIDED TO THE GOTT COULD BE
INTERPRETED AS INTERFERENCE. THE GUYANESE SEEM TO HAVE
EXCELLENT MIDDLE-LEVEL CONTACTS IN GOTT AND OTHER GOVERNMENTS
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OF THE AREA AND MIGHT GET FEEDBACK CONCERNING EMBASSY
PRESENTATION. ACCORDINGLY, IF SOME OF THIS INFORMATION
IS GIVEN TO GOTT OFFICIALS, WE URGE THAT DISCRETION BE
USED.

2. DURING 1976, GOG EXPENDITURES FAR EXCEEDED REVENUES.
WHILE IMPORTS DECREASED, SUGAR AND BAUXITE EARNINGS

DROPPED SIGNIFICANTLY. THE ENSUING TRADE DEFICIT DEPLETED FOREIGN RESERVE HOLDINGS. DOMESTICALLY, FISCAL REVENUES EXPANDED LESS THAN PUBLIC EXPENDITURES. RATHER THAN REDUCE CURRENT EXPENDITURES WHICH WOULD LEAD TO REDUCTIONS IN THE LEVELS OF EMPLOYMENT, THE GOG DECIDED TO CUT BACK GOVERNMENT CAPITAL AND PRIVATE CONSUMER AND CAPITAL EXPENDITURES THROUGH IMPORT CONTROLS. NEEDED DOMESTIC CURRENCY WAS RAISED BY INCREASING THE DOMESTIC MONEY SUPPLY AND BY ISSUING TREASURY BILLS AND DEBENTURES. FOREIGN RESERVE HOLDINGS WERE TO BE REPLENISHED BY THE SPRING HARVESTS.

3. GOG ESTIMATES ANTICIPATED IMPROVEMENTS DURING THE FIRST HALF OF 1977 IN BAUXITE AND SUGAR INDUSTRY PERFORMANCES. UNFORTUNATELY THESE IMPROVEMENTS HAVE NOT MATERIALIZED. IMPORTS HAVE BEEN REDUCED FURTHER. HOWEVER, THE TIME LAG REQUIRED TO IMPLEMENT THESE CONTROLS AS WELL AS THE RELIANCE OF THIS ECONOMY ON IMPORTS HAS LIMITED THE ABILITY OF THE GOG TO BALANCE IMPORTS AND EXPORTS IN THE SHORT-RUN. THIS HAS CAUSED A STEADY DETERIORATION OF GUYANA'S NET FOREIGN RESERVE POSITION. WE ESTIMATE CURRENT NET FOREIGN RESERVES TO TOTAL MINUS G\$100 MILLION.

4. GUYANA'S RESILIENCE TO A LARGE DEGREE DEPENDS ON THE SUGAR AND BAUXITE INDUSTRY. BAUXITE PRODUCTION SHOULD INCREASE NEXT YEAR. PRICES, ESPECIALLY FOR CALCINED BAUXITE, SHOULD REMAIN FAVORABLE FOR PRODUCERS. SUGAR REMAINS "IFFY," HOWEVER, AND SUGAR IS GUYANA'S TRADITIONAL

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MAJOR EXPORT EARNER. THE FAILURE OF THE INTERNATIONAL SUGAR AGREEMENT NEGOTIATIONS AND WEATHER CONDITIONS MAKE IMPROBABLE ANY SHARP INCREASE IN REVENUES SOON.

5. CURRENT USAID PIPELINE TOTALS US\$7.1 MILLION. THE US IS ALSO NEGOTIATING A US\$1 MILLION LOAN FOR MID-LEVEL MANAGEMENT TRAINING, AND IS CONSIDERING SEVERAL NEW SMALL BILATERAL AID PROJECTS.

6. GUYANA HAS APPROXIMATELY US\$27.5 MILLION IN EXTERNAL DEBT PAYMENTS TO MAKE IN 1977. SUBSTANTIAL PAYMENTS ARE DUE TO THE UK, EURO-MONEY BANKS AND BOOKER MCCONNELL LTD. IN ADDITION, GUYANA WILL EXPERIENCE A CONSIDERABLE TRADE DEFICIT AGAIN THIS YEAR DESPITE IMPORT RESTRICTIONS. TOP GOG OFFICIALS CLAIM THAT THEY NEED US\$100 MILLION FROM EXTERNAL SOURCES TO MEET GOG OBLIGATIONS THIS YEAR. BLACKEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, BAUXITE, INDUSTRIAL PRODUCTION, DEFICIT FINANCING
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GEORGE01164
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770199-0547
Format: TEL
From: GEORGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770694/aaaadekz.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7468c785-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 PORT OF SPAIN 1407
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2292543
Secure: OPEN
Status: NATIVE
Subject: GOTT FINANCIAL ASSISTANCE FOR GUYANA
TAGS: EAID, EFIN, TD, GY, CARICOM
To: PORT OF SPAIN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7468c785-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009